

Message Text

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PAGE 01 PORT O 01717 061554Z
ACTION OPIC-06

INFO OCT-01 ARA-10 ISO-00 EB-08 /025 W
-----085305 070115Z /66
R 061550Z JUN 78
FM AMEMBASSY PORT OF SPAIN
TO SECSTATE WASHDC 2520

LIMITED OFFICIAL USE PORT OF SPAIN 01717

E.O. 11652: N/A
TAGS: EINV, TD
SUBJECT: OPIC INSURANCE: AMOCO INTERNATIONAL OIL COMPANY,
APPLICATION NO. 533-70-414

REF: STATE 141373

1. SOME ADDITIONAL COMMENTS RE AMOCO VENTURE (FERTRIN)
WERE PROVIDED IN PORT OF SPAIN 2991, AVAILABLE IN STATE.

2. SIZE OF FERTILIZER PLANT IS APPROXIMATELY DOUBLE EXIST-
ING CAPACITY IN THIS COUNTRY, AND WILL BE LARGELY EXPORTED
(AS IS MOST OF EXISTING OUTPUT). OUR BEST GUESS IS THAT
VALUE OF OUTPUT OF PLANT WOULD BE LESS THAN 2 PERCENT OF
GDP.

3. TO OUR KNOWLEDGE, NO ENVIRONMENTAL STUDIES AT POINT
LISAS HAVE BEEN CARRIED OUT. (EXPERTISE FOR SUCH STUDIES
IS LIMITED). AREA IS AT PRESENT SPARSELY INHABITED, BUT
THAT IS LIKELY TO CHANGE AS HOUSING FOR WORKERS FOR
INDUSTRY THERE IS BUILT UP. IN ANY CASE, SMALL SIZE OF
ISLAND MEANS THERE WILL BE SOME "FALLOUT" OF POLLUTION
FROM POINT LISAS THROUGHOUT TRINIDAD, THOUGH GOTT DOES
NOT ANTICIPATE IT WILL REACH UNACCEPTABLE LEVELS. IF USG
CAN PROVIDE SUGGESTED GUIDELINES ON HOW TO LIMIT POLLUTION
FROM THIS AND OTHER PLANTS TO REASONABLE LEVELS, WE
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BELIEVE GOTT WOULD WELCOME THEM.

4. WITH REGARD TO POLITICAL RISK, GOTT HAS RECENTLY ASKED
W. R. GRACE, SOLE OWNER OF ONE OF TWO EXISTING FERTILIZER
PLANTS, TO ENTER INTO NEGOTIATIONS FOR PURCHASE OF 51 PER-
CENT EQUITY. SECOND PLANT IS ALREADY MAJORITY-OWNED (51
PERCENT) BY GOTT, WITH GRACE THE MINORITY PARTNER. THIS

51/49 PERCENT SPLIT APPEARS TO BE THE NORM FOR VENTURES OF THIS KIND, AND SINCE FERTRIN ALREADY MEETS THIS CONDITION, WE DO NOT ANTICIPATE IT WOULD RUN UNACCEPTABLE RISK OF EXPROPRIATION. GOTT'S PRACTICE TO PRESENT HAS BEEN THAT ALL ACQUISITIONS ARE MADE ON THE BASIS OF NEGOTIATED SALES; THERE HAVE BEEN NO CASES OF EXPROPRIATION WITHOUT COMPENSATION SINCE THE COUNTRY BECAME INDEPENDENT IN 1962 (OR BEFORE THAT DATE). WHILE THERE IS A CERTAIN CORE OF ANTI-MULTINATIONAL OPINION HERE, THE ATTITUDE OF THE PRESENT GOVERNMENT AND THE MAJORITY PARTY IS TO WELCOME FOREIGN INVESTMENT PROVIDED IT MEETS STANDARDS AND SERVES PURPOSES OF TRINIDAD AND TOBAGO.

5. ONE POSSIBLE DIFFICULTY WITH OPIC INSURANCE MAY ARISE IF FERTRIN'S APPLICATION FOR EXIM BANK FINANCING SHOULD BE TURNED DOWN. GOTT HAS ALREADY ENCOUNTERED SOME DIFFICULTY WITH APPLICATION FOR EXIM BANK LOAN FOR IRON AND STEEL MILL; THIS EMBITTERED GOTT AND LED TO FOOT-DRAWING ON A NUMBER OF FRONTS. REQUEST FOR GOTT APPROVAL OF OPIC INSURANCE MIGHT BE SEIZED ON AS A MEANS TO DISPLAY ITS DISPLEASURE IF LOAN IS NOT FORTHCOMING. FOX

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Message Attributes

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